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CONFIDENTIAL

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SUPPLEMENT TO
REPORT NO.

1. Financial, industrial, and trade organizations in Canton including banks, oil companies, dry goods stores, goldsmiths, and hotels, were asked by the Canton Communist Party for a loan of ten million Hong Kong dollars* to be contributed by 15 December. From inability to pay or desire to avoid the impost, some businesses closed down and others planned to move to Hong Kong or Macao. When payments failed to arrive in adequate amounts by 15 December, Communist agents called on business men individually about 17 December for collections. Failure to pay was punishable with arrest. Merchants are also required to pay a year's back taxes, and the lack of funds to meet this demand has forced out of business many owners of small establishments.
2. Gasoline, newsprint, paper, fruits, and foreign medical products are shipped from Canton by highway to Nanchang (115-53, 28-40), and thence by railroad to Shanghai. Although transportation costs are high, there is a ready market for the articles. The entire trade arrangement is controlled by the Communist Party monopoly, the South China Company.**
3. Retail business is dull and wholesale trading is at a standstill. The only shops active are the cloth stores in Yang Hang and Kao Ti Streets, a many persons are buying Chinese cloth for native style dress to replace their European-type clothes. Cotton spinning mills are also very busy for the same reason. Shoes, uniforms, and winter clothing are in demand.
4. Places of entertainment, such as theatres and movie houses, are doing little business. The restaurants are serving the cheapest food possible, and many waitresses have stopped working or left town because of small tips. Gambling houses are still popular in spite of Mayor YEH's efforts to suppress them. The police bribed the soldiers to allow the gambling establishments to remain open. When soldiers were found with money in their possession and admitted that they received it from the police, a program was initiated to stop the police from corrupting the army. Although YEH Chien-ying has given the program his support, the soldiers are under the command of General TSENG Sheng (曾生)***, with whom YEH has some difficulties.

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This document is hereby regraded to CONFIDENTIAL in accordance with the letter of 13 October 1978 from the Director of Central Intelligence to the Archivist of the United States.

Next Review Date: 2068
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CENTRAL INTELLIGENCE AGENCY

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5. As a result of looting in Canton and the formation of anti-Communists societies, the Garrison Command organized groups of three to five plain-clothes detectives. These groups arrest all persons they suspect of being Nationalist agents or members of secret societies, sometimes without verification. On 23 and 24 October, more than a thousand arrests of suspected Nationalist agents were made. Several hundred of those arrested were released after questioning, but the fate of the remainder is not known. More than two thousand persons had been arrested by 10 November.
6. The main supporters of the Communist regime are the students, who have taken enthusiastically to the program of singing, dancing, and propaganda activities. They are so occupied with their Communist activities that they have little time for study, although they talk seriously of Marxist principles and MAO Tse-tung's new democracy.
7. New license plates have been issued for Canton vehicles. White plates with blue characters reading horizontally from left to right: "Sui Number _____" (穗字第—号). have been provided for commercial vehicles; white plates with red characters for the military;* and special plates for individual military commands. Temporary licenses are issued by the Military Control Commission. Mayor YEH Chien-yung has a special MCC vehicle pass with a big chop, attached to the windshield of his light ochre car.
8. Salaries of top government officials and professors have been variously reported from 250 to 1,600 catties of rice per month. Payments are made in People's Currency at the current market value of rice. Lesser officials are paid a minimum of sixty catties of rice per month, which barely supports two persons. Workers in general receive wages somewhat lower than under the Nationalist regime.****

25X1A* [REDACTED] Comment. The amount of loan was given by [REDACTED] as 25X1A fifteen million. Contributions from commercial firms in the form of food levies and supplies for the Communist Army were reported in 25X1A [REDACTED] The English-language newspapers in Hong Kong reported that the Standard Vacuum Oil Company is paying HK \$21,500 as its quota.

25X1A 25X1A * [REDACTED] Comment. [REDACTED] reports the establishment of the South China Enterprises Trade Bureau at Shunchun to control trade with Hong Kong.

25X1A *** [REDACTED] Comment. [REDACTED] for dissension among Communist officials in the Kwangtung Military Control Commission.

25X1A**** [REDACTED] Comment. [REDACTED] lists salaries of public servants and laborers in North China.

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